

Message Text

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ACTION TRSE-00

INFO OCT-01 NEA-10 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-01 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 FEA-01 AGR-05 L-03 /087 W

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P 290700Z AUG 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC PRIORITY 2972

C O N F I D E N T I A L ALGIERS 1910

E.O. 11652: GDS

TAGS: EFIN, EAID, AG

SUBJECT: ALGERIAN VIEWS ON IBRD/IMF MEETING

REF: (A) STATE 165594 (B) ALGIERS 1860

1. ECONOMIC OFFICER BURNS AND I CALLED ON MAHFOUD AOUI, SECRETARY GENERAL OF MINISTRY OF FINANCE, AUG. 28 TO DISCUSS ALGERIAN VIEWS RE UPCOMING IBRD/IMF MEETINGS. RE PROCEDURAL ISSUES, AOUI SAID HE DID NOT EXPECT THAT ALGERIAN DELEGATION WOULD REQUEST BILATERAL MEETING WITH US DEL. ALGERIAN DEL WOULD MEET OTHER MEMBERS OF "GROUP OF 24" OVER WEEKEND AND WOULD SEE MCNAMARA SEPARATELY, BUT NO OTHER SPECIAL CONSULTATIONS WERE PLANNED.

2. ACCORDING TO AOUI, ALGERIANS BELIEVE THERE WILL BE THREE OR FOUR MAIN ISSUES TO BE DISCUSSED AT MEETING:

A) REFORM OF INTERNATIONAL MONETARY SYSTEM

B) REVISION OF QUOTA SYSTEM FOR OIL PRODUCING STATES-- WORLD BANK APPEARED PREPARED TO HAVE OIL STATES INCREASE CONTRIBUTIONS BY MORE THAN 15 PERCENT--BY 20 OR 25 PERCENT IF DESIRED. FINMIN MAHROUG, HEAD OF ALGERIAN DEL, CONFIDENTIAL

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BELIEVED THAT THERE SHOULD BE NO DISTINCTION BETWEEN IMF

AND IBRD POLICIES RELATIVE TO INCREASES IN QUOTAS. AOUI NOTED, HOWEVER, THAT US POSITION FAVORED 15 PERCENT LIMIT ON QUOTA INCREASES IN IMF.

C) REAPPORTIONMENT OF IMF VOTES--THERE WERE TWO SEPARATE ISSUES HERE ACCORDING AOUI: 1) WHETHER VOTES IN IMF SHOULD BE TAKEN AWAY FROM SOME COUNTRIES AND REDISTRIBUTED TO OTHERS WHO ARE INCREASING THEIR QUOTAS; AND 2) WHETHER CERTAIN PETROLEUM PRODUCING STATES COULD CONTRIBUTE IN PLACE OF OTHER PRODUCERS WHO MIGHT NOT HAVE FUNDS AVAILABLE AT MOMENT. AOUI NOTED THAT ALGERIAN INTEREST IN ISSUE OF QUOTA REFORM INDIRECT, SINCE COUNTRY AT THIS POINT WAS INTERNATIONAL CAPITAL BORROWER. (COMMENT: IT DOUBTFUL THAT IS WILL DIMINISH ARDOR OF ALGERIAN SUPPORT FOR POSITION OF SURPLUS OPEC STATES.)

D) PARTICIPATION OF SOCIALIST COUNTRIES--AOUI SAW NO REASON WHY USSR AND OTHER SOCIALIST COUNTRIES, WHICH ENJOY BENEFITS OF WORLD MONETARY STABILITY, SHOULD NOT BE ASKED TO EXERCISE DUTIES OF IMF AS WELL. AOUI SAID HE COULD NOT UNDERSTAND US ATTITUDE ON THIS ISSUE. (COMMENT: UNSURE WHETHER THIS IS ALGERIAN POSITION THAT WILL BE ADVANCED AT MEETING OR IS AOUI'S PERSONAL VIEW.)

3. WE ALSO RAISED QUESTION OF RECENT DECLINE IN ALGERIAN FOREIGN EXCHANGE RESERVES. AOUI SAID THIS WAS TEMPORARY PHENOMENON INDUCED BY PREVIOUS MINFIN POLICY ORDERING PREPAYMENT AND CASH PAYMENTS FOR EQUIPMENT PURCHASES. THIS POLICY HAD BEEN CHANGED, AND UPTURN IN RESERVE TREND HAD ALREADY BEGUN. PARKER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING AGENDA, POLICIES, FOREIGN EXCHANGE HOLDINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ALGIER01910
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750299-0602
From: ALGIERS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975083/aaaaabvh.tel
Line Count: 91
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION TRSE
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 165594, 75 ALGIERS 1860
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 29 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 JUL 2003 by KelleyW0>; APPROVED <26 NOV 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ALGERIAN VIEWS ON IBRD/IMF MEETING
TAGS: EFIN, EAID, AG, IBRD, IMF
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006